



What is the actual cost of a bad hiring decision?

Do you know what it really costs to employ your staff? The hidden expenses associated with the hiring process include recruiting, interviewing, training, benefits administration, management and turnover, and they can really add up. Consider the following expenses incurred when hiring an administrative employee earning \$40,000 per year, who terminates after just one month.

OUR ESTIMATE

YOUR ESTIMATE

HUMAN RESOURCES

- Writing the job specification.
- Preparing and posting the classified listing.
- Reviewing resumes from 100 responses.
- Telephone screening the top 10 candidates.
- Scheduling, preparing for and conducting 5 interviews.
- Assessment testing for top 3 candidates.
- Reference checking the top 3 candidates.

30 hours
X \$40/hr

..... \$1,200

RECRUITING & INTERVIEWING

- Management interview time.
- Other interviewers' time.
- Cost of on line ad posting

6 hrs X \$50/hr = \$300
9 hrs X \$50/hr = \$450
\$450

COMPENSATION COSTS

- One month's salary
- Benefits
- Overhead, administrative costs

\$3,500
\$1,050
\$875

TRAINING & ORIENTATION

- Trainer's time
- Manager's time

16 hrs X \$20/hr = \$320
8 hrs X \$50/hr = \$400

LOST PRODUCTIVITY

- Cost of sub-standard performance
*Cost for co-workers to do or re-do the bad hire's work.
Assumes bad hire is working at 75% capacity.*

40 hrs X \$20/hr = \$800

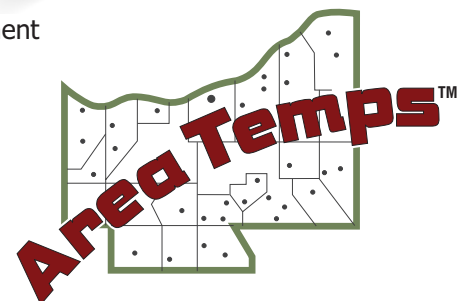
GRAND TOTAL \$9,345



And this estimate doesn't take into account the negative impact on co-workers' productivity and morale, lost business opportunities due to mishandling, unemployment and severance pay, and the recruiting and training costs you must incur again to replace the employee!

Here's the bottom line...

Although this example is conservative, it effectively demonstrates the real value that Area Temps can provide, by lowering your company's hiring costs, improving productivity, and reducing your risk of not finding qualified candidates through traditional resources. If you are interested in increasing your organization's profitability, let our temporary, temp-to-hire and direct hire services play a role in your next hiring decision.



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